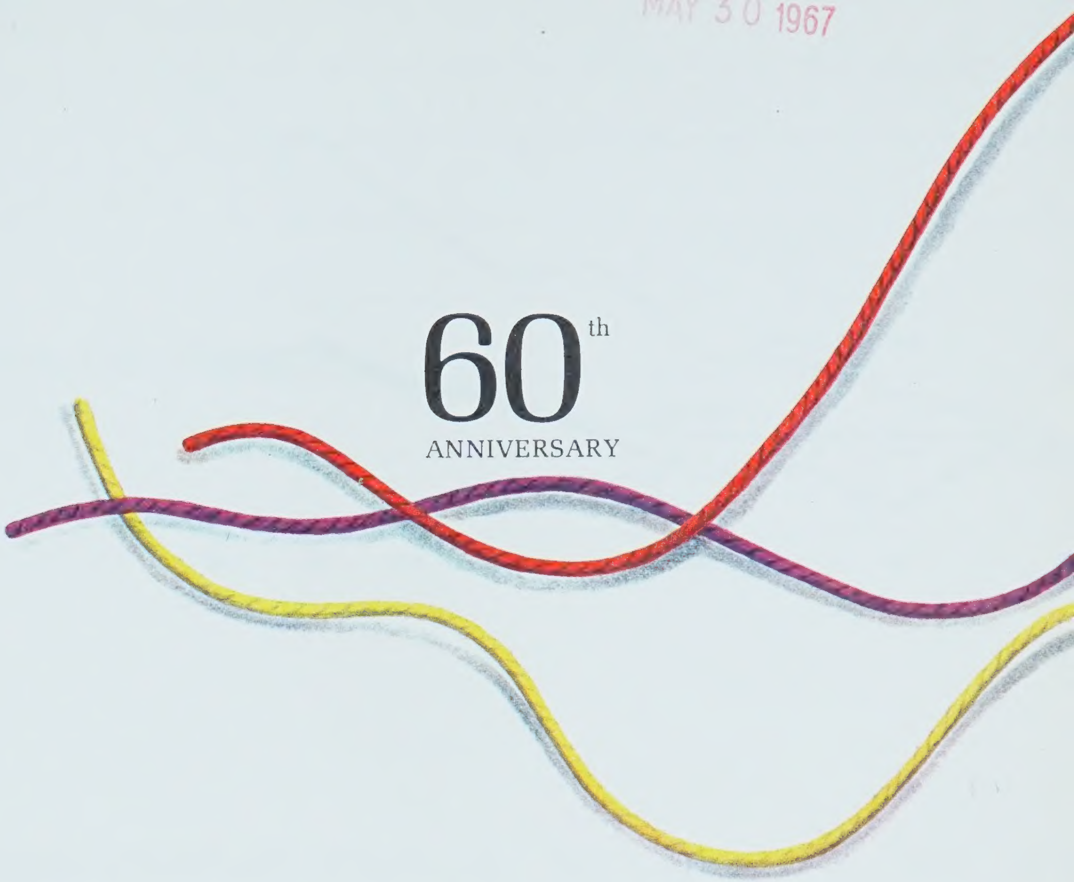
Dominion Textile Company Limited

Annual Report 1965

60th ANNIVERSARY



Contents

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Two Years' Comparative Highlights

In thousands of dollars	1964	1965
Sales	$151,585	**$161,601**
Income from operations	12,668	**11,517**
Revenue from investments	451	**514**
Income taxes	6,709	**6,101**
Consolidated net earnings	6,369	**5,910**
Net worth	57,715	**60,335**
Long term debt	5,900	**37,450**
Total current assets	60,908	**70,237**
Total current liabilities	24,353	**20,377**
Working capital	36,555	**49,860**
Inventories	34,231	**40,118**
Additions to fixed assets	10,564	**19,765**
Provision for depreciation	7,776	**7,796**
Per common share		
Income taxes	2.60	**2.36**
Consolidated net earnings	2.43	**2.25**
Dividends	1.20	**1.20**
Net worth	21.80	**22.82**

Directors' Report to the Shareholders

Results

Sales for the year ended March 31st, 1965 continued their upward trend and set a new record high at $161,601,085. The increase of $10,015,679 is approximately 6.6% over those of last year.

Consolidated net earnings, however, of $5,910,025 represent a reduction of 7.2% from last year's level and are the equivalent after providing for dividends on the preference stock of $2.25 per share of common stock as against $2.43 per share of common stock in the year ended March 31st, 1964. This reduction in earnings, together with the increase in sales, indicates a return on the sales dollar of 3.7% compared to 4.2% last year.

As was indicated in our annual report to shareholders dated May 20th, 1964 and reiterated several times throughout the year, the reduction in earnings was not unexpected. There were several reasons — increase in federal sales tax and in municipal, business and school taxes throughout our various plant centres, increased cost arising from fragmentation of production due to imports and, most important, a very substantially increased wage bill which has not as yet been offset by increased productivity.

Regular quarterly dividends of $1.75 per share were paid on the 7% cumulative preference stock. A dividend of 25¢ per share was paid on the common stock for each of the first three quarters of the year; a final year end dividend of 45¢ brought the total dividend per share of common stock to $1.20, the same as for last year.

The book value, or net worth, per share of common stock at the end of the year was $22.82 showing an improvement of $1.02 per share over the previous year end value. Dividends at $1.20 per share paid on the common stock represent a yield of 5.3% on the book value of the investment.

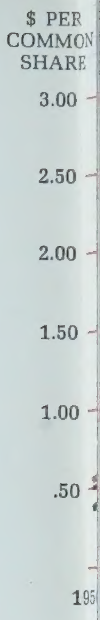
Plants

A sum of $19,765,000 was spent on additions to fixed assets on certain plants of the parent and subsidiary companies. Part of this large sum was spent on completing the projects underway at the beginning of the fiscal year under review, the cotton mill in Sherbrooke and the new spinning plant for our subsidiary Domil Limited.

A substantial amount was spent at our Salaberry and St. Ann's yarn units to expand their capacity and for modernization purposes.

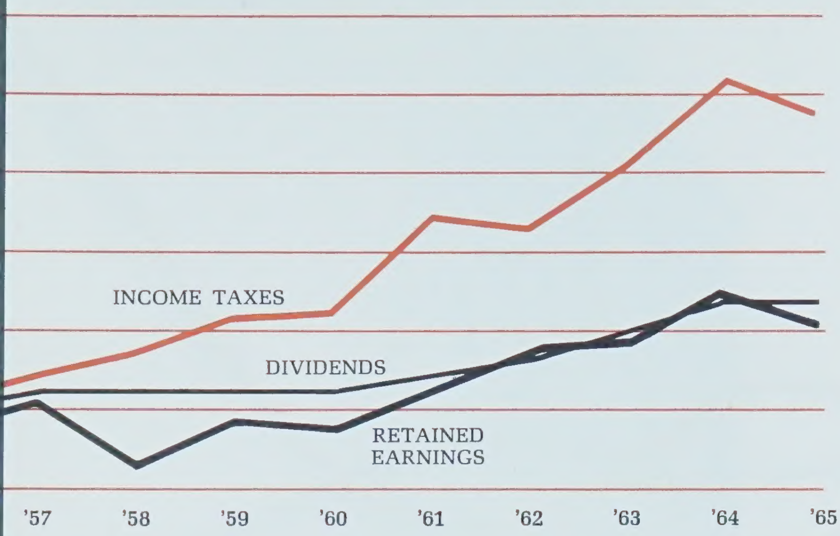
By far the largest single sum was spent on the construction and equipping of our new subsidiary, Richelieu Fabrics Limited, at St. Jean, Que. From date of breaking sod, May 8th, 1964 to March 31st, 1965, this 340,000 square foot unit was constructed, equipped and in substantial production. While it is now fully equipped there is still a great deal to be accomplished in the way of training employees and in bringing the productivity of the unit up to expected standards. We hope to achieve this goal by October 1965. During the current year the earnings of Richelieu Fabrics Limited should make a significant contribution to the overall earnings position.

To bring a plant as large and as complex as Richelieu Fabrics into production in well under twelve months is an outstanding achievement and great credit must be given to all who had a part in its planning, construction and equipping. Particular reference should be made to the cooperation obtained from all parties — contractors,



Ten-Year Summary

In thousands of dollars	1956	1957	1958
Sales	$112,791	$106,991	$96,125
Income from operations	3,344	4,515	3,863
Revenue from investments	510	557	549
Income taxes	1,456	1,859	2,241
Consolidated net earnings	2,344	3,159	2,153
Net worth	43,208	45,264	46,677
Long term debt	13,656	12,891	12,441
Total current assets	50,726	55,824	50,117
Total current liabilities	13,766	20,330	16,335
Working capital	36,960	35,494	33,781
Inventories	25,844	31,708	31,789
Additions to fixed assets	5,032	7,202	8,279
Provision for depreciation	3,685	4,957	5,312
Per common share			
Income taxes	.57	.72	.87
Consolidated net earnings	.86	1.18	.79
Dividends	.50	.60	.60
Net worth	16.10	16.96	17.50



1959	1960	1961	1962	1963	1964	1965
$99,241	$97,425	$103,185	$124,224	$137,324	$151,585	$161,601
5,123	5,049	7,565	8,088	9,887	12,668	11,517
455	518	500	481	494	451	514
2,765	2,838	4,444	4,201	5,292	6,709	6,101
2,797	2,701	3,609	4,357	5,053	6,369	5,910
47,960	48,914	50,210	52,284	54,514	57,715	60,335
9,480	9,064	8,411	7,940	6,350	5,900	37,450
47,874	51,581	54,540	62,592	57,471	60,908	70,237
12,627	17,646	18,984	26,126	21,173	24,353	20,377
35,247	33,935	35,556	36,466	36,298	36,555	49,860
29,201	32,400	34,513	39,650	33,201	34,231	40,118
1,845	4,796	3,816	5,900	7,104	10,564	19,765
4,517	4,250	4,367	4,830	5,308	7,776	7,796
1.07	1.10	1.72	1.63	2.05	2.60	2.36
1.03	1.00	1.35	1.65	1.92	2.43	2.25
.60	.60	.70	.80	1.00	1.20	1.20
17.85	18.28	18.87	19.69	20.59	21.80	22.82

machinery builders and our own Engineering and Production Departments — in maintaining the precise programming set out for its implementation.

As is now well known we are embarking on three additional major projects which will consume approximately $37^1/_2$ million over the next two fiscal years.

Close to $6^1/_2$ million will be spent in the modernization of the tire cord unit and the modernization and enlargement of the yarn producing facilities at our Drummondville Division in Drummondville, Que.

An entirely new plant will be constructed in the Long Sault area just west of Cornwall, Ontario. This plant will contain approximately 40,000 spindles and 650 looms and will cost in the neighbourhood of $14^1/_2$ million. The unit is being especially designed for the production of fabrics made from a blend of Terylene with cotton. For many years the Canadian demand for this type of fabric lagged behind that of the United States. Three years ago the demand started to pick up with the result that last year we provided certain facilities at our Domil unit in Sherbrooke. Demand has now grown to the point where it has become necessary to provide additional facilities to meet our market forecast. The alternative is to abdicate the Canadian market to imports.

Of further interest is the fact that Long Sault is in a "designated, or slow-growth area", which has the attraction that no income taxes will be paid for the first three years after the company has come into substantial production, and after that time will qualify for accelerated capital cost allowance. In return, of course, the company venture helps develop such areas.

The third major project is the new $16^1/_2$ million bleaching, dyeing and finishing plant which we are proceeding to build at St. Timothée, Quebec, bordering on the Beauharnois Canal. This project is both a replacement and an expansion. We have converting facilities in our Valleyfield complex limited to 750,000 yards per week and the area is such that it cannot be expanded or modernized in accordance with today's standards. Therefore, we are erecting at St. Timothée a new converting plant initially capable of handling $1^1/_2$ million yards per week and which could be expanded to 3 million yards per week should the market warrant that expansion.

In addition to the fact that the building will be constructed utilizing the most modern techniques now known, it will also be equipped to handle the bleaching, dyeing and finishing of the polyester/cotton fabrics which we will be producing at Long Sault, and which type of fabric calls for a radically advanced technology as against plain cotton in almost all respects. We are completely satisfied that it is only by using the most advanced machinery, technology and by retaining great flexibility that a quality job can be done on these different and very demanding fibres.

It is our hope and expectation that both the new units will be in production to some degree by June 1966 and that the Drummondville project will be completed some time later in that year.

Raw Cotton

Last year your directors referred to the fact that the United States' Congress had instituted a "one-price cotton system". We indicated this might have the effect of creating further pressure on the Canadian market from American mills and especially from Asiatic or other developing countries which, as a consequence of this action, would find access to the American market even more difficult. Our fears were fully justified. Because of the one-price cotton system and, more important, by reason of a forceful implementation by the United States of the Geneva Long Term Textile Agreement implementing quotas against Asiatic and developing countries, Canada has suffered the diversion of a very substantial increase in imports from those countries to this market and this is referred to later in this report.

Financing

On March 31st, 1965 the company issued $32 million 23-year, $5^5/_8$% Debentures to fall due on March 31st, 1988. The issue was sold at par with Sinking Fund provision to commence the fifth year after issue.

This action was taken to improve the company's working capital position.

Tre-mont Worsted Mills Limited

On March 30th, 1965 your company purchased the entire outstanding minority interest of Tre-mont Worsted Mills Limited at a cost of $174,437.

Penmans Limited

There has been a close association between the Penmans and Dominion Textile organizations for a great many years. Penmans is an old and valued customer.

In December 1964 it was decided advisable to make an offer to all owners of Penmans common shares to purchase their stock at $45 per share. Our offer, made subject to the possible application of section 128 of the Companies Act, terminated on April 30th, 1965 at which date 98% of all the common shares of Penmans outstanding at the date of our offer had been purchased. Your company has since taken the necessary steps to acquire those common shares that remain outstanding.

Markets

Continued improvement in our volume of sales is reflected across each of our production divisions — converted fabrics, industrial fabrics, sales yarn and household cotton products.

With the prospect of a generally buoyant economy in Canada for 1965 the outlook for increased sales in our next fiscal year is promising. Constant attention to the changing needs of the market, proper service to customers and quality requirements are essentials for success and the importance of this marketing concept reveals itself across all divisions of your company.

We are taking steps to participate in whatever increased volume may accrue as a result of the Canada-U.S. Automotive Products Agreement.

Our total export sales were substantially ahead of those of prior years despite the restriction of exports to the United Kingdom due to their imposition of a 15% surcharge. We expect our export volume to hold at a reasonable quantity in this new year.

While our sales prospects are promising, there is no question but that a very heavy burden is being placed on our manufacturing resources with commensurate inventory problems as we are required to increase the number of styles we must make for our Canadian market. This is brought about largely by the increasing pressures of competition from Asiatic and Communist bloc countries where these countries are penetrating into the few staple, long-run markets available in Canada and are forcing the Canadian primary textile mills to further fragmentize their operations and to work completely contrary to the principles of rationalization and efficient production. This, of course, is having an adverse effect on our costs.

Outlook

Several events during the past year — particularly in the area of international trade and in company wage settlements — emphasize that this fifth consecutive year of economic expansion now underway in Canada does not automatically assure correspondingly favourable results for your company.

In setting our sights for the 1960 - 1970 decade, a long term capital spending programme, totalling more than $43 million in the last four fiscal years, and now projected at an additional $37 million for the next two years, was designed to make your company as modern and as efficient a production complex as can be found in any textile industry in the world. As a result, some 900 new jobs at St. Jean, St. Timothée, Drummondville and Long Sault are being created. In addition to the new direct employment provided in these locations by your company, it can be expected that for each 100 new manufacturing jobs, some 117 additional new employment opportunities will be created in construction, trade, services, transportation and other areas as a result of the stimulus provided by the additional manufacturing activity. In this way we have made a small, but significant, contribution to the achievement of Canada's most important economic goal of creating 1.5 million new employment opportunities during the remaining years of this decade.

The Economic Council of Canada has also called for higher productivity as the main key to rising living standards. Our own studies in this area indicate that most of your company's plants have achieved substantial and continuing improvements in productivity over the past several years. In this area restricted usage of machinery and manpower inhibits us from matching the productivity achievements of the most modern units in the United States.

Over the longer run this basic planning, combined with the competitive advantages gained from the continuing favourable exchange rate for the Canadian dollar, paved the way for the substantial wage increases provided to our workers in recent years. It should be noted though that the large wage rise agreed to last year outstripped productivity gains, with an attendant cut in profit margins. Today's wage picture, comparing Dominion Textile Company Limited with the U.S. cotton textile industry, shows that our average wage packet is within 2¢ per hour of the average for the U.S. (using the highest published figure from the American Bureau of Labour Statistics). This is after crediting both sides

with all fringe benefits such as social security, pensions, health insurance, vacations with pay, etc. This is in sharp contrast to the spread of 51¢ per hour (exclusive of the cost of fringe benefits) found in average Canadian and U.S. manufacturing wages.

Against this background of solid achievement, import developments of an adverse nature now raise grave doubt, not only about our plans for further growth, but also as to our ability to maintain a substantial number of the 12,000 jobs we now provide. These jobs are in jeopardy by reason of the recent surge in imports.

Following several years of import containment and small reductions in the early 1960's, total cotton textile imports increased by some 21% last year, setting a new peak in absolute quantity and absorbing just under 50% of the total Canadian market for cotton broadwoven fabrics.

Within the total, 1964 imports from Asia and the Communist bloc countries have advanced sharply (respectively 35% and 69% above 1963) and together now account for almost 40% of total Canadian cotton textile imports.

It is in this area that government policy appears to have been consciously permitting further erosion of our domestic market, which already has the highest import ratio found in any country in the world with a fully developed textile industry. This is in sharp contrast to developments in the United States, where imports account for less than 10% of the domestic market and where the long term International Cotton Textile Agreement has been quite properly invoked against 24 countries in the past 3 years in order to deal with potentially similar developments — this in contrast to Canada's action against only 6 countries, and in spite of our vastly higher import ratio.

In the context of economic planning as visualized by the Economic Council of Canada, the record of your company has been an activated plan for growth in an industry that can by no means be regarded as static or declining. Your company has closely gauged the rapid and quite drastic changes taking place in the Canadian textile market which is expressing itself chiefly in the nature and quality of the goods being demanded and is the basis of our recent announcement of development and capital expenditure for two new plants.

While management may find the capital, develop the technology and supply the aggressiveness in marketing that is required, these plans will fail if they are inhibited by undue pressure from labour or by disregard of government in formulating its trade policies.

Customers and Suppliers

Your company is fortunate indeed in the mutually helpful relations prevailing with customers and suppliers. We record here our thanks to the people and corporations forming these groups, whose understanding and cooperation are so essential to our successful operations.

Employees

The successful operation of this business, as of any business, depends on people and team work. Once again it is our privilege to express appreciation to all officers and employees for their continued hard work and interest in the affairs of the company.

Submitted on behalf of the Board,

G. B. GORDON
Chairman of the Board

F. R. DANIELS
President

Montreal, Que.,
May 19th, 1965.

Consolidated Statement of Income and Earnings Employed in the Business

FOR THE YEAR ENDED MARCH 31st 1965

	1965	1964
Sales	$161,601,085	$151,585,406
Cost of sales including selling and administrative expenses (Notes 6 and 7)	150,084,412	138,917,375
Income from operations	11,516,673	12,668,031
Revenue from investments including dividends of $71,987 in 1965 from a non-consolidated subsidiary	514,476	450,635
	12,031,149	13,118,666
Income taxes (Note 6)	6,100,944	6,709,279
Net earnings	5,930,205	6,409,387
DEDUCT: Minority interest in net earnings of a subsidiary	20,180	40,304
Consolidated net earnings	5,910,025	6,369,083
Earnings employed in the business at beginning of year	36,235,507	33,058,671
	42,145,532	39,427,754
DEDUCT:		
Dividends on preference stock	97,804	97,804
Dividends on common stock	3,097,650	3,094,443
	3,195,454	3,192,247
Earnings employed in the business at end of year	$ 38,950,078	$ 36,235,507

The accompanying notes are an integral part of the financial statements

Consolidated Balance Sheet as at March 31st 1965

Dominion Textile Company Limited and Canadian Subsidiaries other than Penmans Limited

Assets

	1965	1964
CURRENT ASSETS		
Cash	$ 439,747	$ 117,086
Accounts receivable	24,387,455	20,458,753
Inventories — raw materials, merchandise and supplies (Note 2)	40,118,124	34,231,234
Marketable securities — less reserve (Note 3)	4,671,106	5,422,337
Prepaid expenses	620,201	679,259
	70,236,633	60,908,669
INVESTMENTS AND ADVANCES — AT COST (Note 4)	10,749,147	2,084,319
FIXED ASSETS		
Land, buildings, machinery and equipment — at cost	126,485,602	108,286,238
DEFERRED CHARGES	251,379	20,804
	$207,722,761	$171,300,030

Liabilities

	1965	1964
CURRENT LIABILITIES		
Bank indebtedness	$ 1,185,823	$ 4,730,636
Notes payable	5,792,000	4,559,000
Accounts payable and accrued liabilities	8,345,682	8,377,719
Dividends payable	1,186,825	1,574,751
Income and other taxes	3,866,340	5,111,317
	20,376,670	24,353,423
LONG TERM DEBT (Note 5)	37,450,000	5,900,000
ACCUMULATED DEPRECIATION ON FIXED ASSETS	89,561,018	83,173,715
MINORITY INTEREST IN A SUBSIDIARY	—	158,007
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS (Note 9)		
Share Capital		
7% Cumulative Preference		
Authorized — 20,000 shares $100 par value		
Issued — 13,972 shares	1,397,200	1,397,200
Common		
Authorized — 3,150,000 shares no par value		
Issued — 1965 — 2,583,054 shares		
1964 — 2,583,834 shares	19,987,795	20,082,178
Earnings employed in the business	38,950,078	36,235,507
	60,335,073	57,714,885
	$207,722,761	$171,300,030

The accompanying notes are an integral part of the financial statements

Signed on behalf of the Board: G. B. GORDON, *Director*
F. R. DANIELS, *Director*

Consolidated Statement of Application of Funds

FOR THE YEAR ENDED MARCH 31st 1965

	1965	1964
FUNDS PROVIDED DURING THE YEAR		
Consolidated net earnings	**$ 5,910,025**	$ 6,369,083
Depreciation — a non cash item	**7,795,688**	7,775,520
Proceeds from issue of 5⅝% Sinking Fund Debentures, Series A	**31,760,000**	—
Other	**117,663**	318,764
	45,583,376	14,463,367
FUNDS APPLIED DURING THE YEAR		
Additions to fixed assets	**19,764,597**	10,564,121
Investment in Penmans Limited	**8,694,171***	—
Purchase of minority interest in a subsidiary	**174,437**	—
Redemption of long term debt	**450,000**	450,000
Dividends: Preference stock	**97,804**	97,804
Common stock	**3,097,650**	3,094,443
	32,278,659	14,206,368
INCREASE IN WORKING CAPITAL	**$13,304,717**	$ 256,999
WORKING CAPITAL AT BEGINNING OF YEAR	**$36,555,246**	$36,298,247
Increase in working capital	**13,304,717**	256,999
WORKING CAPITAL AT END OF YEAR	**$49,859,963**	$36,555,246

*Includes previous holdings transferred from marketable securities

Notes to Consolidated Financial Statements March 31st 1965

Dominion Textile Company Limited and Canadian Subsidiaries other than Penmans Limited

Note 1

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiaries (companies more than 50% owned) with the exception of the three wholly owned foreign subsidiaries and Penmans Limited. Control of Penmans Limited was acquired only in January 1965 and its assets and liabilities have been excluded from the consolidated balance sheet; the consolidated net earnings for the year ended March 31st 1965 include the dividends received from this subsidiary subsequent to acquisition. A summary of Penmans Limited financial position and 1964 operating results is shown in Note 4.

Note 2

INVENTORIES — RAW MATERIALS, MERCHANDISE AND SUPPLIES

Valued at cost or market, whichever is lower, less fixed reserve.

Note 3

MARKETABLE SECURITIES

Market value — 1965 $11,210,400; 1964 $11,075,300.

Note 4

INVESTMENTS AND ADVANCES

	1965	1964
Investments in foreign subsidiaries	$ 172,360	$ 172,360
Investment in affiliated company	1,603,125	1,603,125
	1,775,485	1,775,485
Investment in Canadian subsidiary — Penmans Limited	8,694,171	—
	10,469,656	1,775,485
Other investments and advances	279,491	308,834
	$10,749,147	$ 2,084,319

Note 4 (Cont'd.)

The interest of Dominion Textile Company Limited in the net assets of the above foreign subsidiary companies and the affiliated company, in which its investment amounted to $1,775,485 at March 31st 1965, aggregated $3,246,840. The equity of Dominion Textile Company Limited in the aggregate net income of these companies which amounted to $483,630 has not been included in arriving at consolidated net earnings for the year.

The financial position of Penmans Limited at December 31st 1964, as shown by its audited financial statements, is shown hereunder in summary form:

Current assets (including marketable securities at market value)	$10,299,714
Current liabilities	1,576,567
	8,723,147
Fixed assets, less depreciation of $7,332,189	1,451,326
Other assets	84,508
	10,258,981
Funded debt	694,000
Shareholders' equity	$ 9,564,981
Shareholders' equity applicable to shares owned by Dominion Textile Company Limited	$ 8,657,319

The results of its operations for year ended December 31st 1964 were as follows:

Profit before the undernoted items		$ 764,576
Revenue from investments		159,930
		924,506
Interest on funded debt	$ 19,479	
Depreciation	219,869	
Income taxes	254,200	493,548
Net profit		$ 430,958

Notes to Consolidated Financial Statements March 31st 1965

Note 5

LONG TERM DEBT

	1965	1964
4% Sinking Fund Debentures due August 1st 1966 Authorized and issued $10,000,000 less redeemed	$ 5,450,000	$ 5,900,000
5⅝% Sinking Fund Debentures, Series A due March 31st 1988 Authorized and issued . . .	32,000,000	—
	$37,450,000	$ 5,900,000

Note 6

DEPRECIATION — INCOME TAXES

Depreciation of $7,795,688 provided in the accounts as at March 31st 1965 is less by $765,384 than the capital cost allowance expected to be claimed for federal income tax purposes and income taxes have been provided on this basis. For the year ended March 31st 1964, the depreciation of $7,775,520 was equal to capital cost allowance for income tax purposes.

Note 7

STATUTORY INFORMATION

	1965	1964
Cost of sales includes the following:		
Directors' fees	$ 37,640	$ 36,000
Remuneration of executive officers and fees of solicitors and counsel	567,079	569,912
Interest on bonds and debentures	222,505	261,433
Amortization of discount on debentures	9,425	10,315

Note 8

ANTICIPATED CAPITAL EXPENDITURES

Capital expenditures for the year ending March 31st 1966 are estimated to be approximately $28,000,000.

Note 9

RESTRICTION UNDER TRUST DEED

The Deed of Trust and Mortgage relating to the 5⅝% Sinking Fund Debentures, Series A due March 31st 1988 contains certain restrictions, customarily found in Deeds of this type, pertaining to the declaration or payment of dividends and the reduction of capital.

Auditors' Report to the Shareholders

DOMINION TEXTILE COMPANY LIMITED, MONTREAL, QUE.

We have examined the consolidated balance sheet of Dominion Textile Company Limited and its Canadian subsidiaries other than Penmans Limited as at March 31st 1965 and the related consolidated statements of income and earnings employed in the business and application of funds for the year ended on that date and have obtained all the information and explanations we have required. In respect of Dominion Textile Company Limited and nine of the subsidiaries our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In respect of the remaining three subsidiaries we were furnished with balance sheets as at March 31st 1965 and related statements of income and earnings employed in the business and application of funds for the year ended on that date with the respective auditors' reports thereon.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and the financial statements of the remaining subsidiaries as reported upon by the respective auditors thereof, the accompanying consolidated balance sheet and related consolidated statement of income and earnings employed in the business and application of funds are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and its Canadian subsidiaries other than Penmans Limited as at March 31st 1965 and the results of their operations and source and application of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent, except as indicated in Note 6, with that of the preceding year.

In accordance with Section 118 of the Companies' Act we report that the consolidated net earnings for the year ended March 31st 1965 include the dividends received from the non-consolidated Canadian subsidiary subsequent to acquisition but exclude the profits of the non-consolidated foreign subsidiaries.

TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants.

Montreal, Que.
May 10th 1965.

Dominion Textile Company Limited

DIRECTORS

PAUL BIENVENU
*HUGH CROMBIE
*F. R. DANIELS
MARCEL FARIBAULT, LL.D.
*G. B. GORDON
E. F. KING
*D. ROSS McMASTER, Q.C.
JACK PEMBROKE
FRANK H. SOBEY
*HARRY W. THORP
COLIN W. WEBSTER

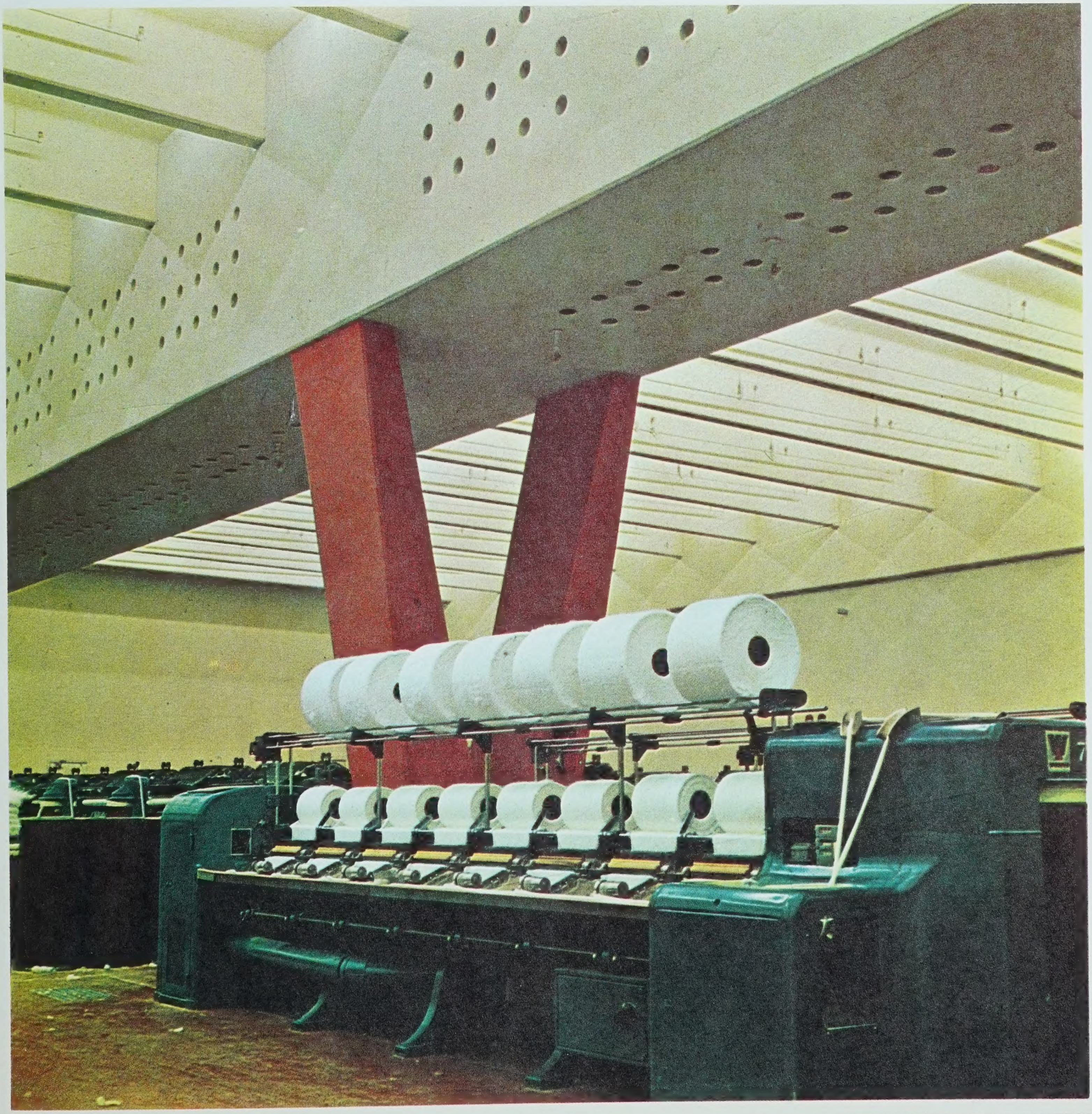
OFFICERS

G. B. GORDON, *Chairman of the Board*
F. R. DANIELS, *President*
E. F. KING, *Executive Vice-President*
W. A. EVERSFIELD, *Vice-President — Finance*
N. E. KENRICK, *Vice-President and Comptroller*
R. H. PEROWNE, *Vice-President — Sales*
L. P. WEBSTER, *Vice-President — Administration*
A. J. WISHART, *Treasurer*
C. M. BECK, *Secretary*

**Member of Executive Committee*

View of the new converting plant now under construction at St. Timothée, P.Q. It will bleach, dye and finish fabrics from some of our existing plants and will provide the special facilities required to handle the very demanding polyester-cotton blend fabrics such as will be produced at the new plant being built at Long Sault in Ontario.

A section of the combing operations at Domil's modern mill at Sherbrooke, P.Q. Architecture, engineering, colors and efficiency combine in this dramatic view.



The Richelieu Fabrics Limited plant at St-Jean, P.Q. is as modern as is practical while still retaining the flexibility demanded by the Canadian market.

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